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## France Tries to Close the Technology Gap [ ]

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Summary

France, alarmed by the widening technology gap between Western Europe and the United States, is taking steps to ensure a much stronger French effort in technology research and development. Roughly half of the planned budget increases for research and development will be devoted to the French proposal for a European Research Coordination Agency (EUREKA). First broached by President Mitterrand on 17 April as a means of promoting and coordinating West European high technology development, EUREKA is touted as a civilian program that does not seek to compete with SDI. The French have kept their proposal flexible in an attempt to win support from other West Europeans and are still negotiating on its final form. The British and West Germans are warming to the concept, even though they remain concerned about possible conflicts between EUREKA and SDI. Paris has reassured its allies that participation in one does not preclude involvement in the other, but the French clearly see approval of

In response to a request from Dr. George A. Keyworth, Science Adviser to the President, this memorandum was prepared by [ ] Western Europe Division, Office of European Analysis, with contributions from [ ] Office of European Analysis. It was coordinated with the Office of Scientific and Weapons Research. Research was completed on 5 July 1985. Comments and questions are welcome and should be addressed to [ ] Chief, Western Europe Division, EURA, [ ]

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EUREKA as a precondition for a joint West European response to SDI participation. [REDACTED]

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On space research, France believes that European participation in the US space station program will weaken the independent West European space program, but has agreed to help fund a joint venture with NASA in return for West German support for Ariane 5. Paris, which leads Western Europe in space research, has proposed a joint West European manned spaceplane, but the European Space Agency has postponed a decision. [REDACTED]

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In the computer field, France has launched an ambitious program to boost computer use in secondary schools, and the United States has charged that domestic manufacturers are being favored in violation of GATT's government procurement code. [REDACTED]

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On technology transfer, despite some differences of interpretation, sales to the Eastern bloc have not become a contentious issue between the United States and France. Under Mitterrand, France has stepped up efforts to block Soviet access to critical technologies. [REDACTED]

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The French Push to Expand Research and Development

France has demonstrated increasing concern in recent years about the widening technology gap between Western Europe and the United States. In 1982, the French Government adopted a program to boost research and development spending from about 1.8 percent of GNP to 2.5 percent, a figure comparable to that of the United States. Last month, the government adopted a 1986-89 program designed to push public and private research and development expenditures to 3 percent of GNP by 1990, a level that would give France one of the highest proportions of spending on technology development in the world. To accomplish this, Paris has doubled research tax credits and is planning by 1988 to increase the government research and development budget annually by 4 percent in real terms, according to the US Embassy. The government further intends to add 1,400 new research and development jobs in each of the next three years, pursue a long-term increase in scientific employment, upgrade computers and scientific equipment, and improve the evaluation of programs. US diplomats estimate that roughly half of the budget increase will be devoted to EUREKA-related research.

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EUREKA: European Research Coordination AgencyOrigin

EUREKA was proposed by President Mitterrand on 17 April as an agency to coordinate West European research in high technology. The idea was broached in a letter from Foreign Minister Dumas to European capitals calling for the creation of a "Europe of technology." Paris presented the program as a coordinated research effort that would prevent Europe from falling further behind in technology and allow it to deal with the United States and Japan as an equal. The letter listed seven areas of dual-use technology research: optoelectronics, new materials, high-powered lasers, large computers, artificial intelligence, micro electronics, and space research areas.

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Paris later broadened the subject matter to include some purely civilian research areas. Subsequently, it has continued to modify its research proposal with an eye to gaining West European support.

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Although US Embassy officials believe that the French have been considering parts of EUREKA for some while, the timing and

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hasty packaging of the initiative were almost certainly prompted by the US invitation to its allies to participate in SDI research. Paris seemed particularly anxious to head off West German commitments to join SDI that might have led Bonn to bypass participation in EUREKA. [REDACTED]

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#### Relationship to SDI

The French insist that EUREKA is independent of SDI. Mitterrand did, however, describe EUREKA as a possible "bridge" to SDI during the seven-nation economic summit in May. Paris is touting EUREKA as a civilian program, contrasting it with what Mitterrand characterizes as the military strategy of SDI. [REDACTED]

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#### West European Reaction to EUREKA

The West Europeans were surprised by the EUREKA initiative and were at first skeptical of its value. Following Mitterrand's meetings in May with British Prime Minister Thatcher and West German Chancellor Kohl, London and Bonn began to warm to the French proposal, partly to promote West European unity and partly for domestic political reasons. Bonn and London, however, are still concerned about potential conflicts between EUREKA and SDI and have tried to ensure that their potential roles in the two programs are compatible. They also want to limit their financial commitment to EUREKA and avoid duplication of SDI research. [REDACTED]

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Most of the smaller West European nations support and are interested in taking part in EUREKA. Italy supports EUREKA provided it does not rule out participation in SDI research. US allies with strong anti-SDI lobbies--the Netherlands, Belgium, and Norway--may come to view EUREKA as a politically more acceptable way than SDI of advancing technology. Countries unlikely to participate in SDI due to their international postures--Sweden, Finland, Switzerland, Austria, and Denmark--see EUREKA as a way of keeping up with the United States in SDI-related technologies. Technologically less advanced West European countries--Portugal, Greece, and Ireland--which feel they have little to contribute and little to gain from SDI's exotic technologies, believe that EUREKA may have something to offer them. Spain--which is striving hard to boost its

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technological capabilities to the level of more advanced West European countries--sees benefits in EUREKA and is weighing some participation in SDI. [REDACTED]

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### Management Framework

Although EUREKA continues to evolve, so far no agreement has been reached on an institutional framework. The original French proposal called for an intra-European agency--possibly under the aegis of the EC--funded jointly by government and private industry. Recent reports from the US Embassy in Paris suggest that the French now envision a less formal organization for EUREKA. Talks with West European leaders have apparently convinced the French that it may be better to allow participating states to contribute to a selected series of projects according to their resources. [REDACTED]

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At the EC summit on 28-29 June, EC leaders agreed to a meeting of West European research experts and government officials to discuss EUREKA before mid-July. The meeting would include Norway, Sweden, Switzerland, and Austria as well as EC members. EC leaders were unable at the summit to define EUREKA or its individual projects any more clearly, however, or to specify its relation to EC Commission proposals for high technology cooperation. [REDACTED]

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### How EUREKA Plays in France

Neither EUREKA nor SDI has stirred much street-level interest in France, where public attention is riveted on the bread-and-butter issues of inflation and unemployment. Mitterrand's "Europe first" position on these issues has, however, played well in the French press, and this favorable treatment may have contributed to his recent slight improvement in the opinion polls. The press applauded his lone stand against the US at the Bonn Summit, when he rejected SDI as a dangerous adventure. French magazines and newspapers have from the first vested the EUREKA proposal with a high level of credibility, generally portraying it in the government's terms -- as a call for cooperation in civil technologies that promises to draw West Europeans together for mutual profit. Mitterrand has emerged domestically as the moving force behind this call for West European unity, and the French press has been quick to play up favorable European responses to EUREKA. [REDACTED]

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The EUREKA proposal and French Government attitudes toward SDI have thus far remained outside the domestic political fray. Opposition leaders have avoided both topics; to the extent that they have commented, they have generally supported government positions. The conservative press, however, has often noted the

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apparent contradiction between Mitterrand's public opposition to SDI as a strategic concept and his public admission that French companies are free to participate in US-sponsored research. The influential daily Les Echos, for example, implied that the government's attitude might retard opportunities for French companies. [redacted]

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### Space Issues

Earlier this year, the European Space Agency and NASA signed a memorandum of understanding on joint participation in the US space station program. For its part, ESA plans to develop a space laboratory called Columbus that would be attached to the space station. France, Western Europe's leader in space research, is not enthusiastic about participating in the space station, which it believes will divert ESA from pursuing an independent West European space program. It agreed, however, to help fund Columbus in exchange for West German support for Ariane 5 -- a heavy-lift launch vehicle -- which it regards as ESA's highest priority. [redacted]

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France proposed the joint development of a manned spaceplace, called Hermes, at the ministerial meeting of the European Space Agency in January. This small shuttle--about half the size of the US shuttle--would be used primarily to service and transport crews to space stations. Because of its limited payload capacity, Hermes probably would not be used extensively to launch satellites; European countries would continue to rely primarily on Ariane as a launch vehicle. Present designs call for a wingspan of approximately 10 meters and an overall length of 18 meters. According to preliminary French studies, the first Hermes mission could carry a payload of 4,000 kilograms and a crew of up to six astronauts for approximately eight days. [redacted]

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ESA has thus far postponed a decision on Hermes, but, [redacted] Paris is determined to proceed with the development of a manned space shuttle regardless of participation by other ESA members. [redacted] France plans to spend approximately \$12 million in 1985 on feasibility studies and wants to select a prime contractor for the project by the end of the year. Paris would like to retain 50-percent control over the project and open the remaining portion to other interested West European nations or individual industries. [redacted]

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### Computer Literacy Program

In January, France launched its "so-called Computer Literacy Program aimed primarily at secondary school pupils. As part of [redacted]

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the program, Paris announced plans to buy 120,000 personal computers mainly for use in schools. US officials have charged that France has unfairly favored domestic manufacturers in the purchase of the computers, violating GATT's government procurement code. Paris has justified buying the bulk of this equipment from French firms by claiming that it is exercising options under old contracts. [redacted]

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The EC Commission agreed to form a GATT working party to deal with the case after discussions between the United States and France failed to resolve the issue. US officials claim that the old contracts cited by Paris were awarded for other purposes and that the French may be using short deadlines and complicated lease-back arrangements to circumvent the GATT code. [redacted]

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### Technology Transfer

Technology transfer to the Eastern bloc is not now a contentious issue between the United States and France. Although occasional differences arise over whether specific items belong on COCOM control lists, France has improved cooperation with the United States in policing technology transfer. Indeed, the Mitterrand government has shown a greater willingness to control the flow of high technology to the East than its predecessor and has taken a number of measures in recent years to curtail Soviet access to critical technologies. [redacted]

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